

Inside & Out

FEBRUARY 1988

COMPAQ NEWS

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BILLION \$ COMPANY



Compaq officially became the fastest company in American business history to reach the \$1 billion mark. Sales and earnings were announced Feb. 1, showing the company with \$1.2 billion in sales during 1987. Sales for that year doubled over 1986, with net income more than tripling. The company also reached a new milestone in product technology with the introduction of major new products during 1987, strengthening the company's position worldwide as a performance leader in the personal computer industry.

Company milestones have included, clockwise from left: the COMPAQ DESKPRO announcement; the company's first television ad, depicting design of the COMPAQ Portable in a pie shop; and the company's record-breaking entry into the Fortune 500. Story, page 2.



Free rodeo tickets . . . Because Compaq has provided computers to help run the "horse hotel" at the Houston Livestock Show & Rodeo, the company has received 600 tickets to give to employees through a drawing. Simply fill out the Reader Response Card enclosed in this issue to enter. Deadline for entries is Feb. 17.

Compaq "boots up" for rodeo days in Houston. Ad and story, page 8.



I did it for myself — People who want to stop smoking are offered help in a "Smoking Cessation" program being presented at Compaq. One smoker's experience is shared as she confronts her first day without smoking (during which she consumed nearly three packs) and makes a subsequent commitment to live out her image of a healthy lifestyle.

Although not normally a jogger, Ruth Howard stays active and energetic as she pursues a thoroughly healthy lifestyle. Story, page 4.

Compaq: a billion-dollar company

Record set in American business history



Early milestone: All the company's employees gathered to celebrate announcement of the first product, the COMPAQ Portable, and opening of the original manufacturing facility on Perry Road



Production for the newest Compaq television commercials to be aired during the Winter Olympics in Canada

February 1, 1988: Compaq Computer Corporation announced record sales of \$1.2 billion and record net income of \$136 million in 1987.

This sets a record in American business history. No other manufacturing company has reached the \$1 billion mark so early in its growth without benefit of acquisition or mergers.

Compaq required only five years to reach the \$1 billion mark. Founded in February 1982, Compaq had sales of \$111 million in 1983, its first full year of operations — also a U.S. business record.

Sales grew to \$329 million in 1984, \$503 million in 1985 and \$625 million for the year ended Dec. 31, 1986.

"We thank our 4,000 employees and 3,000 Authorized COMPAQ Computer Dealers worldwide for their hard work in helping us achieve this record," said Compaq President Rod Canion.

"In attaining this financial milestone, we doubled our revenues over 1986 and tripled our net income."

"This historic milestone further underscores our leadership position in building advanced, high-performance personal computers."

In 1986, Compaq achieved Fortune 500 status. Its four-year climb to that milestone was the shortest of any U.S. company.

Building new milestones

The billion-dollar mark was reached with excellent results in each quarter of 1987. For the fourth quarter, sales were \$432 million, a 131% increase over the \$187 million reported in the same period of 1986.

Net income for the fourth quarter was \$49 million, or \$1.25 per share, which compares to net income of \$16 million, or \$.49 per share on a fully diluted basis in 1986, an increase in net income of 202%.

As noted by Canion, total 1987 sales doubled over 1986, when the company reported revenues of \$625 million. Net income more than tripled with a 218% increase when compared with net income of \$43 million, or \$1.33 per share on a fully diluted basis in 1986.

International sales contributed 26% of the company's revenue in 1987, nearly triple from the previous year's figures.

For 1987, Compaq held an 80% share of 80386-based PC sales in the U.S. through the dealer channel, according to StoreBoard, an independent market research firm.

U.S. dealer sales of business personal computers grew 38% during the year, according to Storeboard.

Technology advances

New milestones were also achieved in product technology in 1987.

The 12 MHz 80286-based COMPAQ PORTABLE III debuted in February. By the end of the year, it was the best-selling full function portable computer in the world.

In March, the COMPAQ DESKPRO 286 was enhanced by speeding up its 80286 microprocessor from 8 MHz to 12 MHz as well as increasing the speed of its fixed disks and Random Access Memory. Orders for this product and for the COMPAQ PORTABLE III strengthened the company's position as the number two manufacturer of 80286-based personal computers.

A second generation of 80386-based PCs was introduced in September: the COMPAQ DESKPRO 386/20 and COMPAQ PORTABLE 386, both utilizing the Intel 20 MHz 80386 microprocessor.

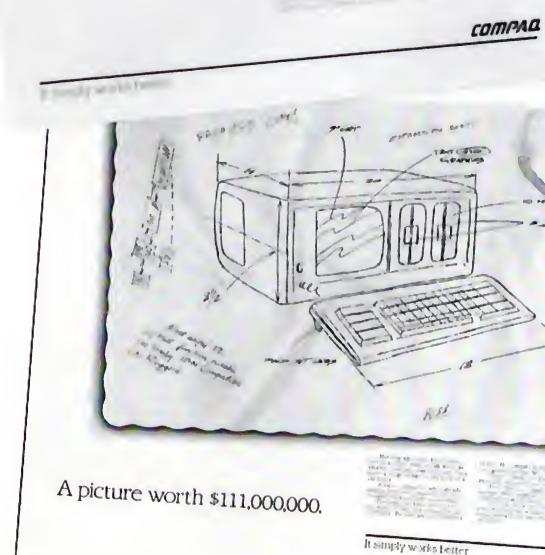
In October, Compaq announced the COMPAQ Video Graphics Color Monitor, COMPAQ Video Graphics Monochrome Monitor and COMPAQ Video Graphics Controller Board, offering greater performance than comparable IBM graphics products.

Internal growth

Compaq responded to exceptional demand for its products by adding two



The most successful first year in the history of American business



With these ads, the company noted the history-making earnings reported for its first full year in business

manufacturing facilities outside the U.S.

In June, a printed circuit board facility opened in Singapore, doubling its capacity by December.

In December, the company's manufacturing operation in Erskine, Scotland completed its first phase of facilities and began shipping products, substantially increasing the company's production capacity.

Three new subsidiaries were opened: in the Netherlands, Spain and Sweden.

The company also has wholly-owned subsidiaries in Australia, Canada, France, Italy, the United Kingdom and West Germany.

Products made by Compaq are sold

through approximately 3,000 dealers in 42 countries.

'Thanks a million . . .'

For a company's chief financial officer, announcing a billion-dollar year can really make your day.

As earnings reports were made public Feb. 1, members of the financial community and news media sought Compaq response from John Gribi, Senior Vice President of Finance and Chief Financial Officer.

Gribi paused during his hectic day to reflect on what the record-making announcement means for Compaq.

"I think achieving the billion-dollar status reflects the fact that we have

arrived: Compaq is really one of the Big Three in the computer industry. This demonstrates the worldwide acceptance of our company as a major computer supplier."

He strongly emphasized that credit for the new milestone rests with the people working throughout the world to make Compaq successful.

"This is a tribute to the hard work and commitment of the people of Compaq Computer Corporation. It couldn't have been done without the pulling together of Compaq employees worldwide," he said.

As he prepared to take more phone calls and requests for interviews, Gribi had one more message for the people of Compaq.

"Thanks a million for a billion!" he said.

New TV ads debut this month

To make its image more visible as a performance leader and major PC manufacturer, Compaq will return to television advertising this month.

The company will begin airing a series of three TV ads during the Winter Olympics in Calgary, which start Feb. 13. They will continue through March 21 on other sports and special news programming.

The ads pose a variety of questions regarding product performance and financial performance which offer a single answer: COMPAQ. It simply works better.

As a narrator poses the questions and provides the answer, supporting graphics are seen on COMPAQ monitors. The complex, custom-developed graphics seen on the screens are actually run on the computers, rather than simply being made to appear to run on the monitor, according to Susan White, Manager of Advertising.

"When you see the green light on the computer, the animated graphics are actually running on the computer monitor," she said. "As far as we know, this is the first time this has been done."

A motion control camera, run by a COMPAQ DESKPRO 386/20, was used to film the commercials. The motion camera allowed the crew to overcome problems caused by the different scroll rates of the monitors. An additional challenge involved synchronizing the graphics and computers.

Original computer-synthesized music runs in the background of the commercials.

Compaq recently has run advertising only in personal computer and business publications which specifically targeted business decision makers, data processing and management information system managers, sophisticated users, PC enthusiasts and some vertical markets, such as accounting and financial groups.

"Now we want to reach beyond our core audience to more users of personal computers in all sizes of companies," White explained.

"Television is an excellent medium to broaden our message."

The company will also begin advertising in some weekly news magazines.

"We felt our leadership position in the 80386-based market was one we'd like to leverage and communicate to the broader business personal computer population."



The COMPAQ PORTABLE II started a new generation of smaller portable computers



Compaq again drew international attention when it became the youngest company named to the Fortune 500



The company's milestones in 1987 included major breakthroughs in computer technology

COMPAQ HISTORICAL MILESTONES

1982

FEBRUARY: Compaq Computer Corporation founded by Rod Canion, Bill Murto, and Jim Harris.

NOVEMBER: COMPAQ Portable Computer introduced.

1983

OCTOBER: COMPAQ PLUS introduced and shipped.

DECEMBER: Initial public offering raises \$67 million, securities traded on NASDAQ.

1984

FEBRUARY: Reports first-year sales of \$111 million, an American business record.

APRIL: COMPAQ Personal Computers introduced in Europe.

JUNE: COMPAQ DESKPRO Family of Desktop Personal Computers introduced and shipped.

1985

FEBRUARY: Reports second-year sales of \$329 million, a computer industry record. Ships 200,000th portable personal computer.

APRIL: COMPAQ DESKPRO 286 and COMPAQ PORTABLE 286 introduced and shipped.

DECEMBER: Securities began trading on the New York Stock Exchange.

1986

FEBRUARY: COMPAQ PORTABLE II introduced and shipped. Reports third-year sales of \$503 million.

APRIL: Compaq Computer Corporation joins the Fortune 500 faster than any company in history. Compaq ships its 500,000th personal computer.

SEPTEMBER: COMPAQ DESKPRO 386 introduced and shipped.

1987

FEBRUARY: COMPAQ PORTABLE III introduced and shipped. Reports fourth-year sales of \$625 million.

SEPTEMBER: COMPAQ PORTABLE 386 and COMPAQ DESKPRO 386/20 introduced and shipped.

NOVEMBER: Compaq manufactures 1,000,000th computer.

1988

FEBRUARY: Announcement of \$1 billion in 1988 sales sets U.S. business record as fastest to reach that mark.

Giving it up: one smoker's experience



Ruth Howard's self-image is a healthy one — and for her, that meant the difficult task of giving up cigarettes

Giving up your closest friend isn't easy. The friend who celebrated every happy occasion with you, who was always there when you were down.

This perspective recently was offered to people enrolled in a Compaq program to help them stop smoking.

"I'd never thought of it that way before," said Ruth Howard, Executive Secretary, Engineering. "You have a cigarette when you're happy. You work out the world's problems over a cup of coffee and a cigarette. You plan things with a cigarette. It's an excuse to take a break. Again and again, like the instructor says, all it takes is the price of a package of cigarettes, and you're in business."

"He said 'You're giving up a friend — not a good friend, but one who's been with you through everything.'

"I thought that was really profound, because it's true."

Of the 26 people participating in the six-week course, 92% elected to quit smoking. Follow-up data is not yet available on whether all of those have continued to be free of the habit.

During the first two sessions, participants examined reasons they smoke and its health effects. They weren't asked to give up their smoking, but to keep a log of when they smoked — what triggered it. Then they discussed substitute behaviors.

At the third session, participants signed a "short-term contract" in which they agreed to give up cigarettes for 48 hours. A doctor was on hand to consult with each person on whether they needed medication to help them through the withdrawal process.

The next morning, participants were to get up and dress for work without smoking — and continue that pattern.

"I smoked more that day than I ever had," Howard said. "I was so angry I didn't know what to do. Someone else was going to call the shots on me quitting. I thought, 'I'm going to let people down; my friends are going to hate me' — I cried the whole time I was putting on my makeup; I was so mad. That day I smoked three packs of cigarettes. I had three cigarettes left that night. I smoked those while putting on my makeup the next morning. Then I lit a candle and said that was my last."

"I guess it kind of sneaked up on me the day before, and I really wasn't ready."

The program's final three sessions dealt with stress management, nutrition and living a "smoke-free lifestyle." The sessions emphasized individual attention and group support for short- and long-term issues in dealing with a new lifestyle — one without smoking.

Substitute behaviors

"What's fascinating about nicotine is people tend to give it magic properties," said Dr. Chet Harris, Ph.D. He is president of Creative Health Resources, which is presenting the smoking cessation program for Compaq.

"For instance, nicotine is both a depressant and a stimulant," he continued. "That's very rare. When you decide you want to use it to relax, you light up and use it to relax. Yet when you want to feel stimulated, you light it up and you **do** feel stimulated. Whether that is the power of the drug or the human mind, studies show that it really does work that way."

Harris noted people tend to think everything in their lives is made better by smoking. Thus, part of the program is to develop short- and long-term life goals.

"We set goals for a day, an hour. For example, the first week, we ask people to wait an hour after they eat before lighting up. Once they see they can exercise this control, they gain confidence. Besides, there are many other benefits they can easily see. For instance, if you want to give yourself a \$100-a-month raise, stop smoking cigarettes," he said.

"We're trying to get people to understand they do have strength within themselves to do this. We help by giving them tools, knowledge and a non-threatening environment in which to do it."

Harris said the program doesn't use scare tactics to get people to quit. Still, he admits, the facts speak for themselves: the Center for Disease Control in Atlanta recently reported that in a five-year study of survival rates, 15% of diagnosed AIDS victims were still alive, while only 7% of lung cancer victims have survived. Although AIDS is greatly feared, "about 30,000 people died of AIDS in the past seven years. In the same period, 2.2 million people died of causes directly relating to cigarettes," he said.

New lifestyle

Howard reflected that it was her determination, and hers alone, that caused her to quit smoking.

"It's good to have the support of people around you, but if you're doing it because someone else is expecting you to do it, you're going to fail. You've got to want to do it for yourself."

In early January, Howard had gone three weeks without a cigarette. She played frequently with her rings — "I've had some rough times when I just sat on my hands" — and took naps on weekends when the urge to smoke was strong.

"It's just so stupid to smoke. It doesn't make sense. I pride myself on doing things that make sense, and are good for me. I plan ahead. I eat healthy. This was one area where I was really out of line with my lifestyle. And I am sick and tired of it not being socially acceptable. More and more, it's not, and you start to feel like a second-class citizen."

"I would love to say that other people's health was way up there on my reasons for quitting, but it's not. I was very careful not to smoke around people who let me know they'd rather I wouldn't."

"My daddy smoked Camels. I love the smell of smoke; no one will ever offend me by smoking around me. I love the smell of fresh smoke — any kind of smoke. Barbecue smoke, cigarette smoke. I loved to smoke. There was never a time when it hurt my throat or anything like that. I enjoyed every cigarette I ever put in my mouth. Quitting is something I'm doing for me, not because I'm tired of it or it costs too much, but because I want to do it for myself."

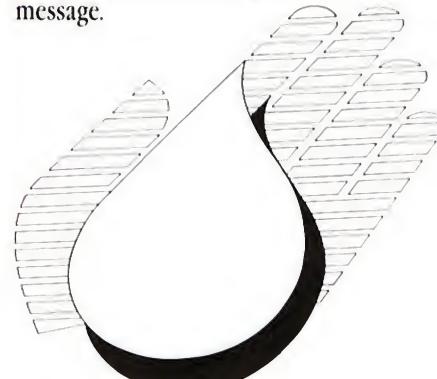
"Yesterday, it seemed like some new energy kicked in. I think I'm finally starting to feel better. This is it! I'm never going through this again."

Post-holiday blood drive nets 508 units

Compaq employees joined to donate 508 units of blood during January, when Blood Center staffers set up areas at the company to accept donations.

This is a critical period for the Blood Center, when its reserves are low because of a decrease in donations, and demands are high due to an increased number of accident victims and organ transplant operations during the holiday season.

Each person participating in the Compaq blood drive received a "Sharing is Caring" lapel pin. People who donate three times during the year will receive a T-shirt bearing the same message.

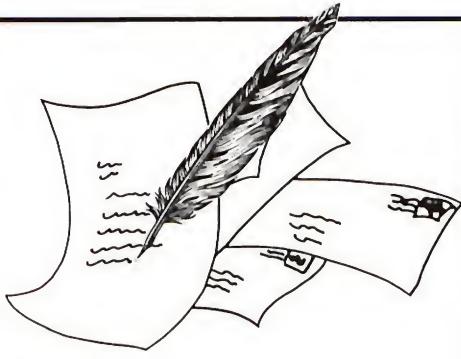


Compaq employees who have donated three gallons of blood since 1985 — through Compaq drives or elsewhere — include Peter Martin, Chasewood II, and Roy Thoma, Chasewood I.

Those donating two gallons include Ronald Drees, CCA; John Hayward, Chasewood I; Darrell Marullo, CCA; Gabriel Onoro, CCM; Mark Varsel, Sommermeyer; and Milton Whitt.

People who have donated one gallon are Liz Brindley, Chasewood I; Lou Ann Champ, Century National Bank Building; John Deblieux, Chasewood I; Lawrence Elewski, CCA; John Fletcher, CCA; Johnella Franklin, Chasewood I; Mike Gill, CCA; Kathleen Grier, Brookhollow; Mark Heegle, CCA; Gary Henderson, CCA; and Eugene Hughes, Sommermeyer.

Also donating a gallon are Tina Kenney, Century National Bank; Tam LaGow, Sommermeyer; Hal Lundgren, Century National Bank Building; Cynthia Lyon, CCA; Kenton Marshall, CCW; Rich McCranie, Chasewood I; Bill Miller, CCW; Bennie Munguia, CCM; James Nelson, Sommermeyer; Ruth Shepherd, CCM; Gary Valka, CCA; John Worrell, CCM; and Walter Zarosky, Sommermeyer.



Pen pals

The list of "Compaq Pen Pals" is growing! If you would like to write to any of the following people, place the letter in a stamped envelope with the pen pal's name on it and send it to **Inside & Out.** (Personal addresses are treated as confidential information, so won't be published.) We will complete the pen pal's address and mail it, and you can exchange addresses in your letters. Place your "pen pal" letter in another envelope and mail it to us at:

Pen Pals
Inside & Out
M010
Post Office Box 692000
Houston, Texas 77269-2000
U.S.A.

Rachel Britt, a Manufacturing Engineering employee at Sommermeyer would like a pen pal in Scotland. She is interested in art, history and oil painting.

Henry Britt, 10, would also like a pen pal from Scotland. His interests are space, dinosaurs and transformers.

Liz Dusek, who works in Employee Accounts Receivables at CCW, is also interested in a Scottish pen pal. She's in her twenties and enjoys crafts - quilting, sewing, painting, cross-stitch, and crewel.

Karen Eppes, 28, works in Receiving and would like a pen pal. Her interests include going to the beach, camping, baseball, boating and cooking.

Jason Eppes, 9, would like to get a letter from someone. He enjoys baseball, basketball, soccer, football, fishing, swimming and computers.

Jessica Gonzales, 12, says that it would be "interesting and different" if she could correspond with someone from Scotland.

Ken Splitt works in the Houston Test operations and is looking for a pen pal from Germany or Switzerland. He likes '70s rock & roll, classic cars, home building and remodeling, landscaping, cooking, hunting and fishing.

Izzy Ybarra, an Employee Relations Coordinator, would like a pen pal from Germany or Scotland, an adult or child.

Harry Rogers, 30, an Electrical Engineer at Chasewood, enjoys jazz, classical and rock music. His other interests include computers and fine wines. He would like to hear from someone in Germany, U.K. or Australia.

Harlan (Gus) Petty, 34, works in the Warehouse in Houston and would like a pen pal in Australia. He likes reading, cooking, fishing and people.

Melissa Daniel, 15, would like a pen pal. She plays the French Horn and is interested in Spanish and fashion.

Charlie Daniel, 12, would be happy to hear from someone with his interests — basketball, biking, swimming, music and games.

Nora Garrett, 30, is a Senior Secretary at CCA and would like a pen pal from "anywhere in Europe".

Diana Gengenbach, 25, a Secretary in Display Technology in Houston, would like a pen pal from out of state or abroad. Her special interests include scuba and science.

Colleen Quinn works in Options at Sommermeyer and would like an overseas pen pal, especially someone from Scotland or Australia. She is interested in theology, outdoors, canoeing, photography, and arcane ideas.

Maria Sarmiento, 25, is a Program Administrator in Services. Her varied interests include horses, cats, gardening, skating, the Bible, Compaq, kids, learning, new ideas and woodwork.

Esther Fuentes, 32, a line operator at CCM, would like a pen pal from Singapore. She enjoys her work, sewing, fishing and baseball.

Cindy Katzenberger is 15 years old and would like to correspond with someone from England, Australia, Scotland or Ireland. She likes earth science, space science, computers, swimming and money.

Laura Ann Barrios, 15, would like to write to someone who shares her interests — music, teen magazines, and babysitting. She collects bandanas.

Sled-mounted computer used for snow research

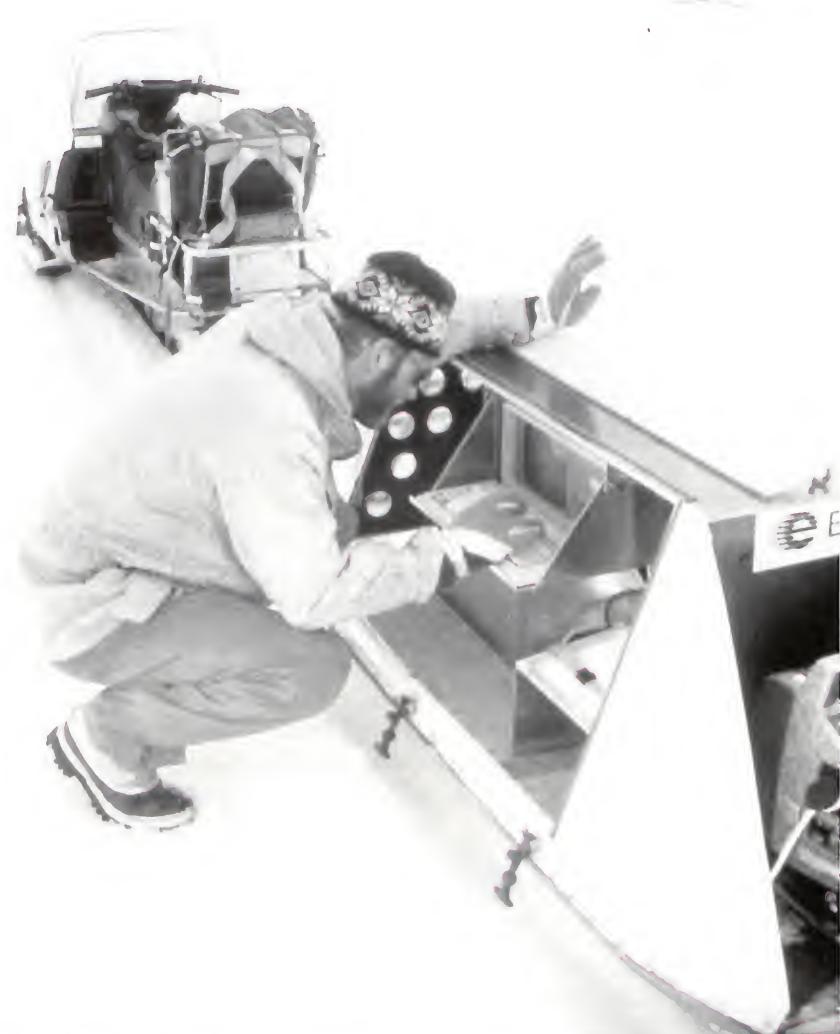
A team set out last winter to measure the volume of snow in central mountain areas of Norway.

The group, from the Norwegian Institute of Technologies, made the trek to develop a method for measuring water reserves.

As a sled moved across the mountain regions at 25 kilometers per hour (15 mph), diesel-powered equipment onboard measured snow depths as a COMPAQ PORTABLE II collected the data gathered by the instruments. Occasionally snow sprayed into the sled, fortunately without interrupting operations.

The research was carried out from January 1986 to May 1986, when weather conditions were very prone to change. Temperature ranged from -10 degrees Celsius (14 degrees Fahrenheit) to 2+ degrees Celsius (25 degrees Fahrenheit).

"I am very satisfied with the results of the project," said Anud Killingveit, the professor heading the research. "The reliability of the COMPAQ PORTABLE II, which was fully operative during the whole period, was impressive. The personal computer was exposed to strains and climatic conditions far beyond what you normally can expect a PC to handle. The COMPAQ PORTABLE II served its purpose in an excellent manner."



A sled-mounted COMPAQ PORTABLE II collected data gathered for snow measurement research

Elisar M. Mudanza, 31, works in Distribution at Papalote. He's interested in photography and would like a pen pal in Scotland, Holland or France.

The pen pals from our January issue are still waiting to hear from someone, too.

Abby Magallanez, a Systems Support staffer, would like to find a pen pal from Italy. She is interested in geographic history and art.

Debbie Tomchesson, who works in Accounts Payable in Houston, would like to find a pen pal in another part of the world. She is interested in painting, crafts, animals, swimming, horses and work.

Susan Fehrman works in Manufacturing Test operations in Houston. She would like to find a pen pal in another location, and is interested in camping, fishing, and the outdoors.

Toni Schrull, a product engineer working at CCM in Houston, would enjoy having a pen pal from another city. She is particularly interested in horses.

Karen Kealy, a secretary in ASM Engineering, would like a pen pal outside the U.S. Her interests are camping, travel, needlepoint and people in general.

Dawn D. Hines from Compaq's Chicago sales operation would like to write to anyone. Her interests include animals, the Bible, sign language, poetry and short story writing. She's also a minister.

Billy Tieck, 7, and **Bobby Tieck**, 11, would like pen pals from Switzerland and Austria. They are interested in sports, camping and bike riding.

Debbie Smith works in Order Entry at the company's operations in Toronto, Canada. She enjoys jazz, people, baseball and aerobics.

Deanna Lee, 12, would like to find a pen pal in Singapore. She is interested in swimming, boys, bowling, reading and cooking.

Marc Hinojosa, 14, is interested in science, astronomy, computers and baseball, and would like to share those with a pen pal in Scotland.

Raymond Hinojosa, 7, would be especially interested in finding a pen pal in Canada. His interests include baseball, science and dinosaurs.

Vernon Ball 'will be missed — as an employee and as a friend'

Vernon Ball, 34, long-time Compaq distribution employee, died Jan. 19 following a long illness.

Funeral services were held on Jan. 25 in Gonzalez, Texas at St. James Catholic Church.

He had been with Compaq since Oct. 3, 1983. At the time of his illness, he served as Supervisor of Finished Goods in the company's distribution operation.

"Vernon was a very outgoing person who worked well with other departments," said Richard Beavers, Manager, Distribution. "He was a very dedicated employee, and worked long hours and

long days during that period of time when we had to work until midnight at the end of every month, and sometimes also during the month. He started up our software system, which has enabled us to expand our operation quickly and efficiently.

"He was one of the three key people that made up the core of our department. We appreciate his efforts, which provided building blocks for our group.

"Vernon will certainly be missed, as an employee and as a friend."

He is survived by his parents, Jack and Jane Ball; a sister, Candy; and two brothers, Mark and Jeff.

Emergency Response Team added to company's onsite resources



Members of the new Emergency Response team are, from left, first row: Mark Richards, CCM 3, first shift; Roger Green, CCM 2, first shift; Boyce Thomas, CCM 1 facilities, first shift; Dennis Davidson, CCA 2; Ronald Wright, CCM 1, second shift; Wayne Barragan, CCM 1, second shift. **Second row:** Steven Richter, CCM 2, second shift; Kevin Lewellen, CCM 3, first shift; Dale Faas, CCM 2, second shift; Harold Coyle, Chasewood I; Patrick Day, CCM 1, first shift; Larry Roach, CCM 1, first shift. Not pictured is Jeff Bastin, CCM 1 facilities, first shift.

An Emergency Response Team recently expanded the company's capabilities for onsite emergency assistance.

Thirteen people completed 40 hours of emergency medical training and received state certification as emergency care attendants. Some had previous training in military or fire department organizations.

Dial 1000

In case of a medical emergency at Compaq, dial 1000.

The Security Control Center will answer and summon appropriate help, ranging from onsite assistance to paramedics and ambulances.

At CCM aid is provided by Pat Smith, Company Nurse, or by members of the company's Emergency Response Team.

When summoned, the Company Nurse or Emergency Response Team members become responsible for coordinating the emergency situation. Their tasks include evaluating the situation and helping to stabilize the victim, from splinting a broken limb to performing cardiopulmonary resuscitation.

Another Emergency Response Team training program will begin in March. Participants will attend five 8-hour classes for a total 40 hours of training. Sessions will be held 8 a.m.-5 p.m. on March 7, 11, 15, 16 and 25 in Room 3213 at CCA III. Anyone interested in becoming a member of the team may contact Pat Smith at 374-1205.

"It's really intense. People have to be committed, and willing to study. They have to be willing to stretch a little to do this," Smith said.

Compaq group shares European adventure

It's an everyday occurrence for Compaq people to get together to share lunch (occasionally heartburn).

Sometimes, the more adventurous get together for activity like deep-sea fishing and come back sharing sunburn and tales about the one that got away.

But when 57 Compaq colleagues from Houston and their guests get together and head for Europe, you've got to wonder: will Europe ever be the same?

Travel guide

On January 15, just such a group left for a 10-day tour centered in Innsbruck, Austria.

Members were surprised to arrive in Innsbruck and find no snow. Not to worry, however; there's always a place to ski in the Alps. Meanwhile, a four-star hotel and local points of interest awaited.

After arriving in Innsbruck, the group's members divided up to pursue individual interests. Some went to concerts and took tours in Salzburg, Vienna and Venice.

Audrey Dozier, a clerk in Industrial Design, and her mother, Margie, went shopping.

Some visited the German castle of "Mad King Ludwig" and various sites in Sterzing, Lichtenstein, Zurich, Munich and Amsterdam.

Audrey Dozier and her mother went shopping again.

Various people danced, went to the theatre and skied on a glacier.

Audrey Dozier and her mother shopped some more.

"I got these black leather boots in one shop, and it was amazing — here, I wear a size seven narrow. Their sizes are different there, and I took a size 37! I felt like I had these really big feet! The guy in the shop spoke hardly any English, so it was really an adventure," Dozier said.

"I had sore shoulders carrying some of the things I brought back on the plane, along with some harassment from my fellow travelers!" Dozier laughed. "We had to pay 10% duty on all of our purchases over \$400 — we went way over!"

Some of the treasures the pair returned with were jewelry, German cutlery, Italian music boxes, wooden shoes, crystal, cookbooks and lace.

Fortunately, the shops were closed for two hours at lunch and at night, so it's rumored Dozier and her mother actually saw a few sights outside of shops.

Dozier laughingly confirmed the reports, insisting she and her mother even visited other attractions while the shops were open. For instance, she said, they visited a crystal factory and watched third-generation glass blowers at work, toured a diamond mine, rode in a glass-topped boat and went on a train trip where no one spoke English.

On the slopes

Meanwhile, other travelers were learning the Swiss Alps are a heck of a place to learn to ski.

"The beginner slopes over there are like intermediate slopes in Colorado," explained Ken Buras, Packaging Engineering Technician. "They're much, much steeper."

Nevertheless, Teresa and Glen Perry (Graphics Administrator and MIS Computer Output Supervisor respectively) got up on skis for the first time there, receiving instruction from Buras.

"It was worse than being on roller skates," Teresa said, but admitted she's become "hooked" on snow skiing.

Some skiers took an hour-long bus ride through scenic countryside to ski the Stubai Glacier. At Ishyl on the Swiss-Austrian border, they were able to ski in both countries, depending on which ski run they used.

Buras — who took the photos accompanying this story — suffered a bit

for his photographic art. In January, he cracked some ribs skiing in Colorado when he fell on a camera hung from his neck.

Not one to make the same mistake twice, he hung it from the back when he went skiing in Europe. He ruefully admitted he cracked some more ribs when he fell again — on his back.

While walking the streets of Innsbruck, he struck up a conversation with a little German woman who spoke virtually no English, posing a challenge to his 'high school German'.

"Finally, I told her, 'America! I'm from America!' and she responded, 'Ah! Phoenix!'" he laughed. She pulled from her purse a photo of her sister who — she explained largely through gestures — is a doctor in a suburb of Phoenix.

After walking and chatting in German for a few blocks, the two prepared to part, with Ken bidding her "Aufwiedersehen!" and the woman responding in return her second English word — "Goodbye!"

Buras said he was fascinated to find that during harsh winters, animals and family members stayed in the same buildings to conserve on heat, and because farmers often would be unable to get through the snow to the barns.

Throughout his treks, Buras said, "I couldn't believe I was really there. I've been wanting to go to Europe since I was about 15 years old when I started studying German."

Thoughts turn to home

Although most of the tour members work at Compaq, the trip evidently didn't turn into a long-distance company meeting.

"Once in a while I'd explain to someone that this was my vacation and I didn't want to talk about work," Buras said. "However —" he looked rueful. "There were times when you'd look at your watch and say, 'Hey, it's 10:00 in Houston! Let's call so-and-so and give them a hard time.'"

Fortunately, a 100% tax on phone calls from the hotels kept calls to a minimum — but meanwhile, people gathered stories and photos to share upon their return.

The group has agreed to gather in a month to discuss their memories and look at each other's photos. Every person seems to have a favorite memory, and — as Abby Magallanez, a Systems Support staffer, expressed — "It was an experience I'll never forget."



A breathtaking view awaited Compaq tour members arriving in Innsbruck



Christmas giving

Several members of the Customer Relations staff felt December at Compaq should offer more than handing a modest, sometimes humorous, gift to someone in the next office for Christmas.

"We were spending \$5 or \$10 on a gag gift we'd throw away after the holidays," said Kathy Wilson, a Customer Relations Specialist. Wilson and her office friends soon found another way to give. They helped start an effort that brought food and other essentials to 32 Houston-area families at Christmas.

Diane Wright, Christina Cornett, Deeva Hennessy, Cheri Bright, Faith Van Putten, Jennifer Hudnall and Wilson were among the Customer Relations staff members who organized the effort. They didn't work alone.

About 50 volunteers from Dealer Support, Systems Engineering, Order Administration, the Compaq Canada office and other departments were involved. ACE helped out, too, committing to assist seven of 32 families aided by Compaq people.

Wilson and her associates directed their giving through Houston's main post office. A volunteer group called Santa's Helpers works with the post office to provide names of families that need assistance. Wilson said the list is carefully screened to assure that only the most needy families are on it.

"I read some of the letters from our 32 families and just sat there crying as I read," Wilson said. "One woman was undergoing radiation treatment. She had a seven-year-old and a four-month-old. She was receiving no child support

and had no money to pay her bills."

Employees from Compaq, the Houston Post and the city's post offices were cited in a Houston Post story for "adopting" 200 needy families. The Post story also said another 801 families were assisted with toys, food, clothing and special-need items by Santa's Helpers.

As Wilson and the other volunteers gained momentum, word of their work spread outside the company. One consultant to Compaq learned of the effort and took on four families.

The Christmas effort was the second for Wilson and her co-workers.

"We put our money together and contacted several Houston groups about making donations to needy people before Christmas of 1986," said Wilson. "None of the organizations could tell us where our money was going. We wanted to know who was being helped."

Wilson and her associates eventually split their gift money between two causes. They donated to several Houston families through Catholic Charities. They also contacted a New York post office, obtained the names of five or six needy families and mailed presents to those families.

About 25 Compaq people funded the first effort. Word quickly spread about the good feeling their experience had left. As the 1987 Christmas season approached, more Compaq people stepped forward to join the effort.

"We've pulled together," Wilson said. "That has made us a stronger group."



Compaq brings holiday cheer

Compaq employees contributed \$4,331 to three area charities through money collected from ticket sales to holiday performances.

People paid \$1 per person to attend private Compaq performances of "The Sound of Music" or the Houston Symphony Pops at Christmas.

Of the money collected, \$2,500 went to Center For The Retarded, Inc., a private nonprofit agency providing services for mentally retarded individuals who require special training and placement. The organization serves a five-county area. It provides help including education, day care, work training, job placement, residential programs, outpatient therapy, health care and family counseling/referral.

Another \$1,331 was donated to the Goodfellows program, which provides toys for needy youngsters.

"With your help, many of the growing number of Houston's needy children were able to experience the joy of Christmas," wrote Robert Thomas, Marketing Director for Goodfellows.

Your generosity helped provide desperately needed encouragement to many underprivileged children. A simple toy on Christmas morning can restore their faith in the future. This encouragement is the greatest gift you can offer, as one of poverty's most devastating effects on children is loss of hope.

"May all the happiness you helped the Goodfellows program spread return to you this new year."

Another \$500 was donated to Northwest Area Ministries, which provides assistance such as food and clothing to people living in the northwest area.

Extra tickets for "Sound of Music" were given to residents and staffers at Boys & Girls Country, a home for children.

Coming attraction: Annual Company Picnic Sunday, May 15

Houston Farm & Ranch Club, just south of State Highway 6 and Clay Road (adjacent to Bear Creek Golf Course)

See next month's issue for more details!

Forbes ranks company as a top performer

Compaq got high marks in Forbes business magazine's recent report on top performers in American industry. The report was published prior to release of the company's 1987 full year results.

The company ranked fifth in earnings growth, with a 124.8% increase per share over the past three years, and a 120.6% increase in 1987. It measured 13th in sales growth, with a 75.2% average for three years, and a 64.6% hike in 1987.

In stock performance, Compaq was in 32nd place, with a four-year price change of 325% and earnings per share of \$2.89 in 1987.

Among computer and electronics companies, Compaq ranked second in earnings per share, third in sales growth and ninth in profitability (return on equity).

A comparison of 880 firms, from all industries surveyed, showed Compaq in the No. 121 spot for profitability.

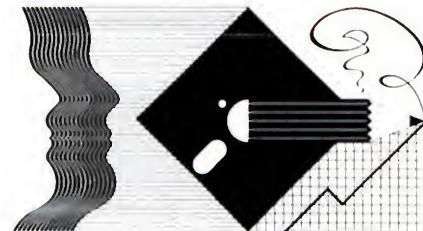
Prices lowered on product line

Resale prices of COMPAQ DESKPRO 286 computers recently were lowered by 10%.

The COMPAQ DESKPRO 286 Model 1 price was reduced to \$2,699, Model 20 to \$3,599 and Model 40 to \$4,499.

Customer demand for COMPAQ DESKPRO 286 personal computers increased sharply last March when we increased the performance of the product by 50%, and demand exceeded our ability to supply the product for most of last year," said Mike Swavely, Vice President of Sales & Marketing.

The company has completed a substantial increase in its capacity to manufacture the product, and announced the price reduction to maintain its competitive position.



Training, development courses set

A new schedule of training and development courses was recently issued, detailing in-house classes that will be offered through April.

Each department manager receives a copy of the brochure, which also lists other services offered by the company's Training & Development group.

Classes will be held at the company's Willowchase building, 8203 Willow Place Drive, where the department is now located.

Compaq desk calendar

A 1988 Compaq desk calendar recently was distributed throughout the company, featuring photos of various sites and activities.

This desk edition replaces the quarterly wall calendars published last year in Inside & Out.



WE BOOT UP ALL OVER THE WORLD.



Three Texans and a portable computer that simply worked better—that was Compaq Computer Corporation in 1982. With only five years under its belt, Compaq is now an undisputed world leader in high-performance personal computing. And it's still the number one seller of portables, to boot. That's because, in 40 countries, COMPAQ computers still simply work better. Which might be why Texas seems a lot bigger than it did in 1982.

COMPAQ®

It simply works better.

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'Horse hotel' computerizes operations

Houston's hotels begin filling up in February with people coming to the Houston Livestock Show and Rodeo.

One of the busiest hotels, however, is at the rodeo grounds, where some 6,000 horses expect good accommodations when they arrive — without waiting in long lines.

The 'horse hotel' operation tracks reservations, horses checking in, stall assignments, winners and many other types of information.

This year, Compaq loaned three COMPAQ DESKPRO 386 computers to help input and retrieve information.

The reservation system operates 24

hours per day, seven days a week during the livestock show and rodeo.

The Houston Livestock Show & Rodeo is a nonprofit organization which offers numerous scholarships, and offers some of the top prize money in the rodeo circuit.

The rodeo will run Feb. 21-March 6. Approximately 600 free tickets are available to Compaq employees. To register to win two of the tickets, simply complete and return the Reader Response Card included in this issue.

COMPAQ